GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1094
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Foreign Exchange Reserve
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Will the Minister of FINANCE be pleased to state:

(a) the details of Foreign Exchange Reserve (FER) in the country during each of the last three years and the current year;
(b) whether there has been a depletion in FER in recent times, if so, the details thereof and the reasons therefor;
(c) the impact of the depletion of FER in the economy and the value of Rupee; and
(d) the steps taken/proposed to be taken by the Government to check this depletion and its adverse consequences on the economy and value of Rupee?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI JAYANT SINHA)

(a) & (b) India's foreign exchange reserves (FER) comprise foreign currency assets, gold, Special Drawing Rights (SDRs) and Reserve Tranche Position (RTP) with the IMF. The foreign exchange reserves as on 20 November, 2015 stood at US$ 352.4 billion as against US$ 341.6 billion on end-March, 2015 and US$ 304.2 billion on end-March, 2014. The details of India's foreign exchange reserves during each of the last three years are given below:
Foreign Exchange Reserves (in US$ billion)
End of Financial Year Foreign Currency Assets (FCA)# Gold SDRs RTP Total

2012-13 259.7 25.7 4.3 2.3 292.0
2013-14 276.4 21.6 4.5 1.8 304.2
2014-15 317.3 19.0 4.0 1.3 341.6
2015-16 (As on 20 November 2015) 328.4 18.7 4.0 1.3 352.4
Excludes investment in foreign currency denominated bonds issued by IIFC (UK).
Source: Reserve Bank of India (RBI)

(c) & (d) The level of foreign exchange reserves particularly foreign currency assets is largely the outcome of Reserve Bank of India's intervention in the foreign exchange market to stabilise the rupee value. In the recent past, lower trade and current account deficits (CAD) coupled with buoyant capital inflows resulted in the increase in foreign exchange reserves in 2013-14, 2014-15 and 2015-16 (as on 20th November 2015) reflecting purchase of foreign currency by the RBI in the foreign exchange market. Occasionally when the rupee came under pressure (as in August -September 2015), the RBI also sold foreign currency assets to stabilise the rupee from depreciating sharply. As India has traditionally been having CAD, with hitherto relatively higher inflation differential with the trading partners any appreciation of the currency beyond fair value in terms of real effective exchange rate (REER) is likely to weaken competitiveness and impact the economy adversely.